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SUBJECT: ARGENTINA AT THE MAY 16-17 EU-LATIN AMERICA AND CARIBBEAN
SUMMIT

REF: (A) MADRID 0518 (B) LIMA 0844

11. (SBU) Summary: President Cristina Fernandez de Kirchner (CFK) and Foreign Minister Jorge Taiana are scheduled to visit Lima May 16-17 to attend the Summit Meeting of European Union - Latin American and the Caribbean (EU - LAC). CFK appears to have a full but still-unconfirmed schedule, with GOA requests for bilaterals with Spain, Belgium, the Netherlands, current EU President Slovenia, and possibly Mexico, Ireland, and France. Press reports indicate she will also meet with Germany, Ecuador, and Bolivia. An EU-Mercosur meeting is on the agenda, but contacts report that neither the Mercosur countries nor the EU are expecting concrete results. For CFK, the trip to Lima offers a respite from her domestic woes (particularly her administration's confrontation with the striking agricultural sector), but also offers the prospect of some uncomfortable discussions at the summit regarding the pressure on Spanish group Marsans to cede control of Aerolineas Argentinas, and regarding Hugo Chavez's nationalization this week of SIDOR, a subsidiary of Argentine multinational TECHINT (ref A). We are told that it is possible that CFK could cancel her trip because of the domestic conflict with agricultural groups. End Summary.

12. (SBU) According to GOA officials, President Cristina Fernandez de Kirchner (CFK) and Foreign Minister Jorge Taiana will visit Lima May 16-17 to attend the Summit Meeting of Leaders of the European Union - Latin American and the Caribbean (EU - LAC). Aside from the two principal themes of "Poverty, Inequality, Inclusion" and "Sustainable Development," MFA contacts believe the summit will touch on a number of sensitive issues such as the situation in Bolivia, ongoing Colombia/Ecuador tensions, and progress in the Doha Round. A number of "Dialogue Groups" will cover immigration issues (an issue the LAC is pushing), drug trafficking, energy/renewable energy, and climate change/environment (ref B).

MERCOSUR-EU

13. (SBU) The EU Mission in Buenos Aires notes that EU Trade Commissioner Mandelson will meet with Mercosur heads of state and EU External Relations Minister Waldner will meet with his Mercosur counterparts to review the overall state of affairs and EU-Mercosur FTA trade negotiations. The trade talks have long been stalled, over issues such as Mercosur pressing for reduced EU agricultural protection and the EU insisting on better intellectual property protection by Mercosur countries. However, neither side is expecting anything more concrete from the summit meeting than a

positive political message indicating the intention to finalize negotiations as soon as possible, with no dates or deadlines. The EU Mission also reported that Venezuela will participate fully in the EU-Mercosur meetings, as opposed to the actual FTA negotiating sessions where Venezuela can only observe.

¶4. (SBU) A related LAC-Europe Business Summit will take place May 15 on the margins of the Lima summit, but the EU Mission and private sector contacts were expecting limited Argentine private sector participation. The theme will be "Investment to Achieve Well-Being, Sustainable Development, and Inclusion." The agenda includes a series of keynote speakers and panel discussions on key issues in the overarching theme. Scheduled speakers include Alan Garcia, President of Peru, Angela Merkel, Chancellor of Germany and Luis Moreno, President of the Inter-American Development Bank.

Argentine Bilaterals

¶5. (SBU) CFK's Lima schedule is being closely held in the Casa Rosada, but MFA contacts report a number of tentative bilaterals are in the works. These include meetings with Spain, the Netherlands, Belgium, and current EU President Slovenia. Mexico, Ireland, and a meeting with France's Summit Delegation head are also possible. The press is reporting likely CFK meetings with Merkel of Germany, Correa of Ecuador, and Morales of Bolivia, but MFA contacts were unaware of these meetings. A CFK meeting with Spain's Rodriguez Zapatero could be tense given the media's portrayal of alleged GOA pressure on Spanish business group Marsans to cede majority control of Aerolineas Argentinas to Argentine investors. The press is also speculating whether CFK will meet with Hugo Chavez in the wake of the latter's nationalization this week of Argentine multinational

TECHINT's Venezuela subsidiary SIDOR.

¶6. (SBU) Comment: The EU-LAC Summit provides CFK a chance to escape briefly a tense domestic scene in Argentina, where the two-month farm crisis remains unresolved and a growing number of allied governors and mayors are complaining about the GOA's intransigence on export taxes and calling for more determined negotiations and compromise. However, the Summit may not provide much respite for the beleaguered CFK as she faces a number of thorny bilateral issues with various partners. And in the end, she may not go at all. We are told by sources that CFK may cancel the trip at the last minute if the situation with striking agricultural sector groups worsens.

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